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Discount Store News

THE NEWSPAPER OF DISCOUNT RETAILING

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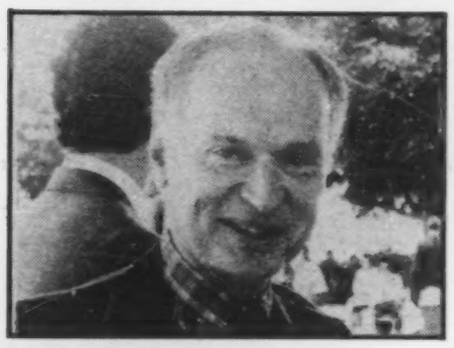
Expansion to Continue Despite Competitive Fray

'Everybody's expanding. Opening new stores is the name of the game.'

Raymond Zimmerman, Service Merchandise



'The chains are drawn to metro areas first, and then it works its way down.'

Steven Jelin, Prange Way

Nationwide DSN Report

Take Columbus, Ohio. Gold Circle, K mart, Fisher's Big Wheel, Harts, Toys "R" Us, Drug Emporium, Cub Food, Kroger and others are already chipping away at each other and the market, too. Now, Meijer's Thrifty Acres is breaking ground for its initial thrust into the market.

The competition is as fierce in smaller and larger markets across the country, as discounters scramble for a share of discounting's projected 8%-16% sales gain in 1986.

But with the number of discount store players consolidating into a handful of the best and the brightest, the approach to competition today is increasingly one of nuance and niche.

Hills president Stephen Goldberger, noting "there are few one chain towns anymore," said he seeks markets where existing retailers "may not be doing well the things that Hills does well," particularly in soft lines.

On the other hand, wherever they site their new stores, they know its going to be crowded. Steven Jelin, president of Green Bay, Wis.-based Prange Way, cites a study that says "there is enough square footage of retail space in the U.S. to serve 570 million people," about 2.5 times the current population.

Robert Soelter, president of Duckwall/ALCO, said his company's criteria for new markets haven't changed, but an increasingly key determinant is the amount of competitive retail square footage in the market. "That's a very key figure," he said. "If it's not right, we won't go in."

In the end, though, the expansion pace continues. "Opening new stores is the name of the game," said Service Merchandise chairman Raymond Zimmerman.

Whatever the criteria, chains are continuing to expand. Wal-Mart, of course, has been opening new stores most aggressively, with about 115 discount stores due to open this year, following a like number of debuts in 1985. Others, while not matching those numbers, are keeping to steady expansion rates.

An increasing number of those openings are by specialty discounters, cited by several executives as the single most powerful force shaping today's retail landscape.

While discount department stores were expected to register a 2%-3% sales increase in 1985, specialty discounters were projected to show nearly a 20% increase, to $17.2 billion, much of it through expansion. Similarly, off-price apparel retailers were expected to end the year with 8% gains to $9.3 billion, according to *DSN* research.

"Not only are there more stores of our type," said the chief executive of an eastern discount department store chain, "but now you're seeing a whole new raft of specialty competitors. All that tends to reduce prices and margins for everybody. We've long since realized that we've got to operate on a lower margin to be competitive."

Even the specialists themselves have had to adjust strategies. Toys "R" Us, for example, has begun to stress a

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'It continues to get tougher. The chains that aren't good go out of business or are merged.'

Stephen Goldberger, Hills

'Competitors' retail square footage is a key figure for us. If it's not right, we won't go in.'

Robert Soelter, Duckwall/Alco

With T.G. & Y. Deal

McCrory Becomes $3B Retail Unit

News Analysis

NEW YORK — Rapid-American Corp.'s acquisition of T.G. & Y. has set the stage for Stephen L. Pistner to head a $3 billion retailer that derives its strength from merchandising basic and staple goods to lower-income customers who make up about half of America's households.

Pistner is chairman and chief executive officer of Rapid-American's McCrory Corp., the nation's second-largest variety store chain with almost $1 billion in sales from 748 stores in 38 states.

Now, he will also be responsible for Oklahoma City-based T.G. & Y., a troubled $2 billion discount store and variety store chain with 739 units in 24 Sunbelt and Midwest states.

Rapid-American purchased T.G. & Y. for slightly more than $300 million from a leveraged buyout group that last month bought all of Household International's retailing operations.

A Rapid-American spokesman said, "It is expected that the synergism of the two companies [McCrory and T.G. & Y.] will result in improved profitabilities." He added, "It's premature to speculate as to how McCrory would operate the T.G. & Y. business."

Trade sources indicated Pistner is likely to eventually meld the two companies into a combined operation that straddles the line between a variety and a discount store.

The tipoff, these sources said, can be found in Pistner's observation that "the opportunities in the variety business grow by leaps and bounds. Retailers have evacuated the low-priced market. Discount stores have moved up. They have left a void, and the void is getting larger."

McCrory had successfully mined this market even before Pistner joined the company a year ago. McCrory's sales in the fiscal year ended Jan. 31, 1985 were $918 million, up 12.2%, while operating profits of $84.5 million were up 12%.

During the first nine months (ended Oct. 31, 1985) under Pistner, McCrory's sales amounted to $658 million, up 6.5% from $618 million. Operating income of $41.2 million was an 18.4% decline from $50.5 million.

McCrory follows the traditional variety store mix of merchandising basics and staple goods and T.G. & Y. is expected to be revamped to do the same.

Pistner called T.G. & Y. "a perfect strategic fit" with McCrory and said that the Oklahoma City chain's merchandise mix would be changed but it was too early to

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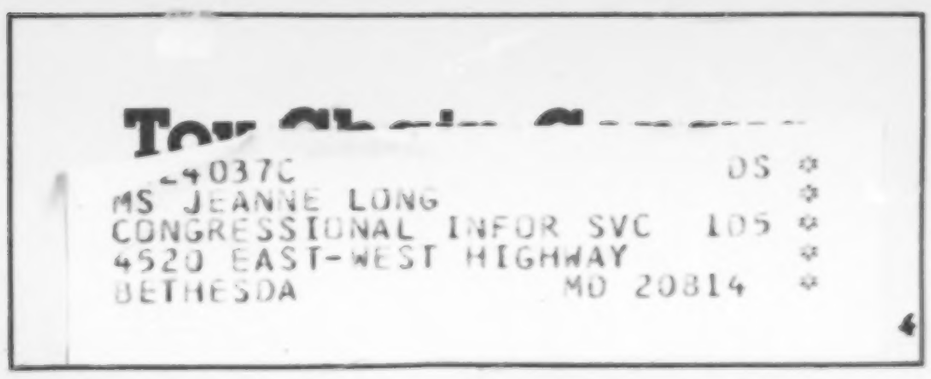

Kmart. BUILDERS SQUARE™

K mart to Test Combo Units in Florida Market

TROY, Mich. — K mart will be testing a combination discount department store and home improvement center under one roof.

The giant discounter will open three combination K mart-Builders Square units in Florida during the first half of this year.

The three hybrid units are part of a nine-store purchase of recently shuttered Jefferson Ward locations in Florida and Richmond, Va. The purchase price was undisclosed at presstime. Four of the sites—in Lauderdale Lakes, North Palm Beach, Fort Myers and Richmond—will be converted to Builders Square; two other locations—in Jacksonville and Hallandale—will be typical K marts.

The remaining 17 Jefferson Ward stores in Florida and Virginia are still on the real estate block, although K mart is still considering other possible Ward sites.

K mart's first combo test comes on the heels of Wal-Mart's announcement to pair Sam's, its membership wholesale club, with a traditional Wal-Mart store in New Orleans this spring.

However, K mart's discounter and home center pairing was more a result of the large Jefferson Ward locations rather than long-range strategic planning.

"We decided to combine the retail outlets because three of the Jefferson Ward stores that K mart acquired had more floor space than needed for either K mart or Builders Square alone," said Frederick M. Stevens, executive vice president of specialty retailing for the chain.

"It provided us with an ideal opportunity to test the com-

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Dept. Stores Hike Promotional Stance to Compete

Gap Narrows in Operating Results vs. Discounters

NEW YORK — Conventional department store merchandising has become more promotional and the result is that the differences between the latest operating measurements of these retailers and discount department stores has narrowed slightly.

The heightened promotional stance evident among conventional department stores reflects the increased competition they are facing from specialty retailers as well as discounters, particularly in such vital merchandising areas as apparel and consumer electronics.

The narrowing in differences in operating measurements between the two major full-line retailers is evident from the latest merchandising reports on these retailing segments; for discounters, the National Mass Retailing Institute's Mass Retailers' Merchandising Report for 1984-85, and for conventional department stores, the National Retail Merchants Association's 1985 Merchandising and Operating Results study.

Conventional department stores' increased promotional posture is evident from the performance results of 14 major departments. The markup of six increased, but five declined and three showed no change. Higher markdowns, meanwhile, were taken for 12 categories; only two showed reduced price cuts.

The net effect was that gross margins fell for 11 categories and went up for only three.

The greater promotional stance, however, didn't markedly aid the conventional department stores; turns fell for 11 categories, showed an increase in one and remained the same for two others.

The results for these same 14 categories among discounters showed that these retailers didn't escape the competitive pressure from specialty stores and the more aggressive merchandising of conventional department stores.

Discounters raised markups in six categories, while eight others showed drops in this measurement. The markdown percentage went up in nine categories, dropped in three and showed no change in one.

Gross margins went up in eight categories, dropped in five and remained the same in one.

The major positive note for discounters is that turns increased in all 14 categories.

The narrowing of the gap between the two retailing segments that resulted from the heightened competition each faced can be seen in such categories as women's dresses, where the difference in gross margins was just 1.9 percentage points. In the previous studies, the spread was 7.6 percentage points. In lingerie,

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Sales as % Total Store

Categories	Discount Stores	Department Stores
Women's dresses	0.9%	2.7%
Women's coats & suits	0.5	1.8
Lingerie, robes & sleepwear	2.4	12.1
Men's wear	6.9	13.1
Girls' wear	2.3	1.9
Boys' wear	2.4	2.2
Infants' wear	2.8	1.6
Domestics	4.5	5.0
Housewares	5.1	1.6
Traffic appliances	2.1	1.2
Sight/sound appliances	4.0	1.6
Toys	6.4	0.6
Drugs & cosmetics	8.0	7.1
Stationery & greeting cards	3.1	1.6

Source: NMRI's 1984-85 Mass Retailers' Merchandising report; NMRA's 1985 MOR report.

Gross Margin %

Categories	Discount Stores	Department Stores
Women's dresses	36.6%	38.5%
Women's coats & suits	35.3	43.0
Lingerie, robes & sleepwear	38.7	48.1
Men's wear	34.5	42.5
Girls' wear	36.7	42.9
Boys' wear	34.5	39.5
Infants' wear	30.1	44.3
Domestics	32.8	41.3
Housewares	30.5	38.7
Traffic appliances	23.4	22.1
Sight/sound appliances	16.6	24.3
Toys	28.1	33.6
Drugs & cosmetics	19.6	38.8
Stationery & greeting cards	39.5	41.2

Source: NMRI's 1984-85 Mass Retailers' Merchandising report; NMRA's 1985 MOR report.

Discount Stock Index Outperforms '85 Market

NEW YORK — Crazy Eddie had a very good year; so good, in fact, that the New York-based consumer electronics discounter was the leading percentage gainer in *DSN*'s Discount Store Index last year. The company's stock rose 230.28%, finishing out the year at $18.38.

Two other companies on the index showed triple-digit gains. Jewelcor's stock went up 175.25% compared to 1984. Toys "R" Us saw its stock rise by 107.96%.

The Discount Store Index as a whole rose 42.09%, outperforming other major stock market indices. By comparison, the Dow Jones Industrial Average rose 27.97%, the Standard & Poor's indices increased 25.97% and 25.69%. The New York Stock Exchange's own composite index rose 25.47%.

Winning stocks led losers 6 to 1, with 36 companies posting advances. The Price Company, operator of the Price Club membership warehouse chain, was the largest dollar gainer; its stock went up $28.25. The largest dollar loser was Bradlees parent Stop & Shop, whose price fell $2.25 during the year.

The largest percentage gainer was Crazy Eddie, whose stock prices rose from $5.57 a share on Dec. 31, 1984, to $18.38 at the end of 1985.

The largest percentage loser was Cook United, still involved in bankruptcy proceedings. Its stock went down 38.94%.

Two of the six companies showing declines during the year were L. Luria & Co. and W. Bell, regional catalog

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Discount Store News QUIZ

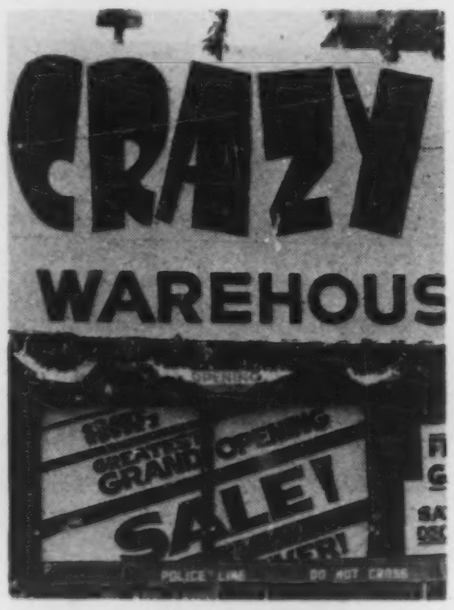
The *DSN* Quiz, testing your knowledge of news and trends in discount retailing covered in the previous two issues, will appear on this page monthly. Check your answers with the key on p. 46

1. Best Products' renovation program for 1986 will be aimed at:
a) expanding showrooms' warehousing space;
b) converting former Modern Merchandising units to Best showrooms;
c) removing all pop art from company premises.

2. Designer Depot, K mart Corp.'s off-pricer, will focus its expansion for the next two years on:
a) the Sunbelt;
b) only existing markets;
c) the Australian outback.

3. Target, in four stores in the San Antonio market, has begun testing:
a) in-store banking services;
b) unannounced "Bullseye Specials";
c) checkout-lane scanning.

4. Discounters have begun revamping their infants and toddlers apparel sections to include:
a) newborn areas;
b) babysitting services;
c) infants' sporting goods.



5. Crazy Eddie has unveiled its first-ever:
a) mime television ad;
b) 20,000-sq.-ft. superstore;
c) warehouse store.

6. The proposed leveraged buyout of Cyclops will make a publicly held company of:
a) Bausch & Lomb;
b) Silo Inc.;
c) T.G. & Y.

7. Wal-Mart's sales are projected by industry observers to reach:
a) $22 billion by 1990;
b) $25 billion by 1988;
c) somewhere over the rainbow.

8. Metropolitan New York is the latest battleground between competing membership warehouse operators. Planning to operate there by this summer are:
a) PACE and BJ's Wholesale Club;
b) Price Club and PACE;
c) Price Club and BJ's.

9. VCRs are estimated to have achieved household penetration of:
a) 20%;
b) 30%;
c) 40%.

10. Sam Walton's first retail store was a Ben Franklin franchise in:
a) Bentonville, Ark.;
b) Little Rock, Ark.;
c) Newport, Ark.

All in a Row

Juniors sizes and looks are mixed in with misses at Hills stores. In Maumee, Ohio, a young customer selects from a long run of sweaters. See Soft Lines, page 17. *DSN photo*

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Chains to Increase Toy Market Share

By LARRY CARLAT

The race is on for specialty toy retailers. The prize: a bigger slice of the toy market pie.

As more and more mass merchandisers continue to neglect the category until the fourth quarter rolls around, toy chains will be scrambling to gobble up discounter's vacated market share. The attack will be two-pronged, centering on stepped-up expansion and pared-down pricing.

Over the past few years, discount chains' share of toy sales has been on a continuing downward spiral, dropping from 35% in 1982 to about 27% last year, according to industry estimates. On the whole, however, the toy retailing industry has grown nearly 40% in the last five years, and specialty toy chains have been the prime beneficiaries.

Toy chains already account for over one-third of total toy sales and many industry watchers feel the specialty segment, with its year-round sales orientation, will account for over 50% of toy sales before the end of the century.

In fact, industry analysts expect the three toy retailing majors, Toys "R" Us (TRU), Child World and Kay Bee Toy and Hobby, to account for 40% of toy sales by 1988.

The main question facing most specialty toy retailers in 1986 will be: How to maintain growth while going at each other's throats?

This year's market factors appear to be two-toned. Demographics favor the toy retailers. By 1990, the not-so-mini baby boom will produce nearly 40 million children in the main toy-using ages of newborn to 10. In 1983, that number was 34 million.

However, the overall outlook for toy merchandising appears more ominous. Last year's dearth of hot licenses is expected to continue this year, according to several toy chain executives, who were less than enthusiastic after previewing several major manufacturers' new toy lines.

Besides Teddy Ruxpin (the only bona fide new Christmas hit), there were no replacements for high-ticket toy stars Cabbage Patch and Trivial Pursuit; higher-ticket home computers also slowed down to a sales crawl. TRU, for its part, saw home computer sales drop from 17% of its total volume to about 6% last year. Child World fared the same.

Specialty toy chains had to find a way to fill the voids. TRU, which has increased its market share 1½% in each of the last five years and currently accounts for about 15% of U.S. toy sales, made several subtle changes in its strategic plan in reaction to the retail environment. Sharpening its everyday low pricing and supporting it with more promotional activity helped propel the chain over the $2 billion sales mark last year and the tactics are expected to continue into this year.

Another basic change for TRU will be a follow-up from last year. The chain entered two new markets for the first time in 1985, going into the Carolinas and upstate New York. This year, the 233-unit toy retailer will again invade

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Top 10 Toy Chains Top $3.6 Billion, 1,500 Stores

Chain, Hq. State	Projected Fiscal 1985 Sales (Millions)	Number of Units 1/85	1/86	1/87	Avg. Store Size (Sq. Ft.)
Toys "R" Us (N.J.)	$2,210	199	233	283	25,000
Child World (Mass.)	525	104	120	136	25,000
Kay Bee (Mass.)	435	535	584	640	3,500
Lionel (Pa.)	245	52	56	66	25,000
Greenman Bros. (N.Y.)*	160	107	310	360	3,250
K & K Toys (Va.)	37	87	96	N.A.	3,200
Karl's Toys (Calif.)	23	23	27	30	6,000
Toy King/Toys & Gifts Outlets (Fla.)	18	58	62	N.A.	2,500
Toys Plus (Mo.)	17	20	25	37	12,500
Hobby Center (Ohio)	12	26	27	27	3,000

Source: DSN research

N.A.—Not Available.
* Includes Playland, Playworld and recently acquired Circus World units.

The facade of the bank branch in 34 California K mart stores resembles traditional bank architecture.

K mart Plans to Extend In-Store Bank Facilities

TROY, Mich. — K mart will open 34 additional First Nationwide Savings branches in California stores, with plans to extend the banking facilities into two or three other states this year via network members of First Nationwide, according to Jon Hartman, K mart's assistant treasurer for financial services.

K mart currently has 10 of these branches in San Diego-area stores; these will be more than doubled in size—from their present 64 sq. ft. to 136 sq. ft.—to conform to the size of the branches.

Seven of the 34 new banks will open in Sacramento-area stores with the remainder located in the Los Angeles/Orange County area, said Hartman. The first seven new units will open in February with the other new branches being rolled out later in the year. Hartman added that the San Diego bank remodeling should be completed by the end of the year.

The new in-store banks will have a different look from the original kiosk-style structure of the San Diego units.

"The front facade will be more in keeping with traditional bank facilities," said Hartman. He said the new unit will be a four-sided structure on a triangular pedestal with a column on one side.

An automatic teller machine (ATM) will be located on one side (something the San Diego branches didn't have), a single doorway on another side, with merchandise displays often against the other two sides.

The unit is situated to the left or right of the central store aisle—whichever is opposite the in-store cafeteria—toward the back of the store.

Hartman said there are a few if any new customers drawn into K marts due to the banks, but the rental arrangement has brought money in, and is, he said, "mutually beneficial" to both K mart and the bank.

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Retailer MIS Expenses Rise

NEW YORK — Computer systems are taking a bigger bite out of retailers' dollars, with expenditures on Management Information Systems (MIS) rising faster than store sales.

According to a report by the accounting and consulting firm Arthur Young, in 1984, mass merchants increased their computer spending by 12% compared to 1983, while sales grew 9%.

Even so, mass merchants are not the biggest spenders in the computer revolution: The average retailer's MIS budget grew by 19% in 1984 as compared to the year before—almost double the overall 10% sales increase.

Maybe mass merchandisers' computer departments do not have to grow as fast any more. Arthur Young retail consulting manager Frank Andrews speculated that mass merchandisers showed a lower rate of MIS spending in the study because of their size. "Our 111-organization survey included 10 discount stores with more than $1 billion in sales," he said. "We found that computer operations in stores that size do not grow as dramatically any more. They have attained the level others are striving for."

Retailers don't just spend money on MIS, they actively stimulate computer activity. Seventy-seven percent of the mass merchandisers surveyed reported having special MIS steering committees, 52% of them headed by either the company president or the vice president/chief financial officer.

Only supermarkets place more importance on their MIS operations than do mass merchandisers; 83% of the companies in this category reported having a special steering group. Only 53% of the surveyed department stores has a group.

Another indication for the importance of computers in retailers' operations is the fact that 87% of the heads of MIS departments in mass merchandisers report directly to the president of the company or to the chief financial officer. Again, only supermarkets, where computerization has advanced furthest, attach more importance to their computers; 92% of the MIS heads report directly to the top echelons of the company.

Other figures from the survey include:

- Mass merchants spent an average of 0.67% of their 1984 sales revenue on MIS, 0.01 points more than in 1983. Department stores averaged 1.06% of sales (1.01% in 1983), specialty stores 1.06% (0.97%) and grocery stores 0.23% (0.22%).
- The average mass merchandiser MIS department (the study groups discount-

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Discounters Push to Revive TJTC

WASHINGTON — Congressmen returning to Capitol Hill for the start of a new session will be greeted by discount industry lobbyists pushing for a revival of the Targeted Jobs Tax Credit program.

The program technically expired at the stroke of midnight, New Year's Eve, and threatens to take with it millions of dollars in federal wage subsidies to the nation's discount chains.

Industry officials said they have already secured "commitments" from some members of Congress to consider legislation temporarily extending TJTC and several other federal programs which they hope to have on the President's desk by mid-February.

The six-year-old TJTC program offers discount chains and other employers direct federal tax credits of up to 50% of the first year wages (25% in the second year) paid to each newly hired worker from any of several "targeted" groups (welfare recipients, specially trained handicapped individuals, "economically disadvantaged" cooperative education students, etc.).

Ironically, Congress produced a stop-gap "extensions bill" preserving TJTC through mid-1986, which passed both houses as an amendment to the $78 billion deficit reduction measure which died as Congress adjourned late last month.

Attracted by the prospect of seven-figure TJTC tax subsidies, a number of major industry chains have established aggressive programs to recruit eligible workers from "targeted" disadvantaged population groups.

Dayton Hudson, for one, hired 2,500 TJTC workers in just four states during 1984 alone. And at one newly opened Target store in Milwaukee, the chain was able to fill 185 positions with employees eligible for the federal tax subsidies.

Although there are no statistics available on the number of discount chains participating in TJTC, Association of General Merchandise Chains president Edward T. Borda told *DSN* that "The program is widely used by retailers of all sizes."

Focus On

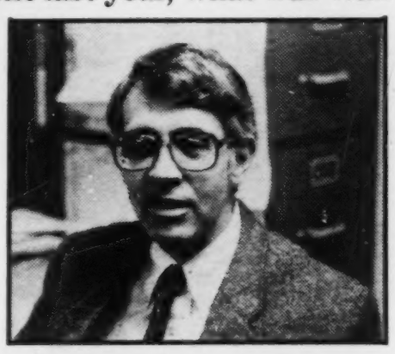
Membership Warehouses

Investors Confused About Warehouses

By ARTHUR MARKOWITZ

Membership warehouses are the newest, hottest, retailing format, right?

So when four major players in the membership warehouse field went public last year, what was Wall Street's reaction? A big yawn.



That reaction points up the vagaries of the stock market and reflects investors' unrealistic expectations and limited understanding of the companies' business.

The companies are Costco, PACE, the Warehouse Club and the Wholesale Club. Together with The Price Club, they are, so far, the only pure stock play in the membership warehouse field.

The stock price of the four new issues at the end of the year showed little change from the initial offering price. This overall lackluster performance, however, hides the volatile swings in the price of PACE—the first of the quartet to go public and the beneficiary of the overly optimistic initial investor outlook for the industry—and stands in sharp contrast to the stock market's embrace of the Price Club. Nine years old and highly profitable, The Price Club ended the year at $70, close to its all time $72.50 high (set in 1985) and a 75% jump from its 12-month low of $40.

The great expectations for PACE (and, implied, for the entire wholesale club field)and the poor financial results of the four contrast so sharply with Price Club's performance as to go a long way in explaining the investment community's mixed response to the industry.

Edward A. Weller of E. F. Hutton said Wall Street "is ho hum because these companies haven't made any money. They were sold to investors on the expectation of earnings in 1986 and 1987, and very little has happened since the public offerings to indicate any gains in earnings now and next year."

Fred Wintzer of Alex. Brown & Sons said investors' reaction to the four companies shows how "fickle" the market can be. "Investors buy a stock because of a new and hot concept. To make a deal work, you need momentum. Right after going public, if the stock goes up, it attracts other investors. If it doesn't, people lose interest."

This scenario seems to have been Wall Street's script for these four newly public companies. Only PACE, first out of the gate, created any stir. It went public at $15.50 and eventually reached a $21.50 high. It slid as low as $11.25 before ending the year at $14.63.

As for the others, Costco went public at $10 and ended the year at $11.88; the Warehouse Club came out at $11 and ended at $11.50; and the Wholesale Club debuted at $7 and ended at $6.75.

Bo Cheadle of Montgomery Securities said that Wall Street's response to PACE and the three public offerings that followed also reflected investors' "wrong perception that membership warehouses are similar to other warehouse retailers, like building supply chains."

When the warehouse building supply industry started to run into financial problems in the early summer and a number of companies reported poor results, the ripple effect slammed "the window shut on the wholesale clubs that were going to the market," Cheadle explained.

PACE went public on June 20, 1985, and hit a windfall. Its price was higher than the $12.50 to $14.50 range projected in the red herring and almost 3.5 million shares were sold, one million more than originally planned.

The window, however, closed after PACE and was tightly shut when the Warehouse Club became the next wholesale club to go public in early October. Its $11 price was under the $13-$15 range in the red herring and the 1.5 million shares sold was half that originally projected.

Costco, next to go public in late November, managed to sell its planned 4.2 million shares, but the $10 price was under the $14-$17 range in the initial offering.

The window opened somewhat for the Wholesale Club in its early December offering. Its $7 price was just under the initially projected $8-$10 range and its two million shares sold was 250,000 more than the red herring.

Wintzer added: "Wall Street perceived the innovative Price Club as a unique concept that can't be duplicated. Then during the past few years similar companies started to come out of the woodwork and began to bang heads in some markets. Now there are lots of stores out there. Investors are waiting to see what happens."

The answer for one security analyst who didn't want to be identified was simple: "I think the entire industry is due for a shakeup.

Women in Sports Aid Sales

MOUNT PROSPECT, Ill. — Future growth in sales of sporting goods should come from women's increased participation in sports, said Thomas B. Doyle, director of information and research for the National Sporting Goods Association (NSGA).

A recent NSGA survey revealed women were making strong showings in a number of sports traditionally dominated by male participants, like exercising with equipment, softball, basketball and baseball.

In the case of exercising with equipment, 54.1% of the new participants to the sport in 1984 were women; 46.2% of new softball players, 38% of new basketball players and 21.5% of newcomers to football that year were also females.

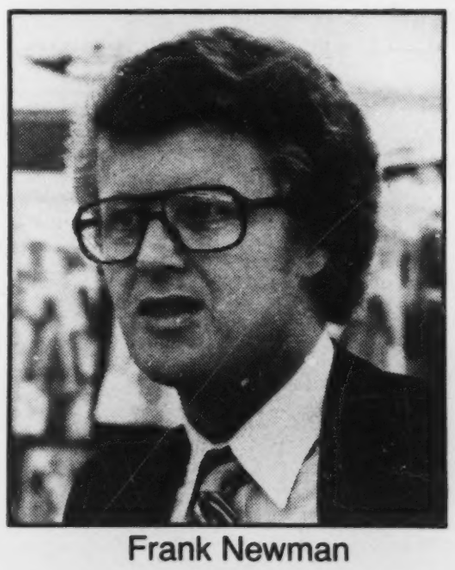
Boyle added, though, specialty sporting goods outlets have been quicker to react to the rising trend in female sports participation. Since they service schools and universities, which are bound by Title IX to provide equal athletic opportunities to both sexes, sporting goods stores have already increased their assortments to cater specifically to women's needs. For example, many stores have begun carrying the NCAA-approved smaller basketballs

It's up to mass merchandisers now, said Doyle, to decide whether sufficient demand exists in their market areas to add these items.

1984 Sports Participation*

	Total (millions)	New (millions)	Total % Male	Total % Female	New % Male	New % Female
Swimming	74.4	4.5	47.1%	52.9%	48.3	51.7%
Bicycle riding	51.0	4.8	46.6	53.4	42.4	57.6
Camping	43.0	6.2	52.6	47.4	53.1	46.9
Fishing (fresh water)	41.7	4.3	67.4	32.6	62.6	37.4
Exercising with equipment	34.7	7.8	51.3	48.7	45.9	54.1
Running/ jogging	29.5	3.7	52.7	47.3	41.9	58.1
Aerobic exercising	24.4	5.5	11.5	88.5	13.3	86.7
Softball	22.3	3.1	60.7	39.3	53.8	46.2
Basketball	21.2	2.7	72.7	27.3	62.0	38.0
Volleyball	19.7	2.4	48.0	52.0	41.2	58.8
Tennis	19.5	2.8	53.6	46.4	47.3	52.7
Baseball	15.1	2.0	81.8	18.2	68.5	31.5
Football	13.9	2.1	85.8	14.2	78.5	21.5
Fishing (salt water)	12.7	1.9	72.7	27.3	73.3	26.7
Backpacking/ wilderness camping	8.3	1.7	61.6	38.4	57.7	42.3

*Seven years of age and older. Source: NSGA



Frank Newman

Newman Named President of Drug Deep Discounter

WARREN, Mich. — Frank A. Newman has been named president of F & M Distributors, a deep-discount drug store with 25 outlets in Michigan, Ohio, Illinois and Indiana.

Newman, 36, was formerly executive vice president, franchise companies at Household Merchandising Inc., a division of Household International Inc. In that position, he was in charge of 1,629 Ben Franklin variety stores and 1,079 Coast-to-Coast hardware stores.

He left Household Merchandising after it was purchased by a group of investors in a leveraged buyout.

Goodwill Industries Extends Program

MINNEAPOLIS — Spurred on by its successful surplus merchandise program with Target, Goodwill Industries of America is now pursuing similar arrangements with other major retailers.

From June through mid-December of last year, Target contributed 76,386 items to Goodwill, said R. J. Thiel, Goodwill's community donation director for the southern part of Minnesota. During the first two weeks of December alone, the item count came to 10,000.

Since 1982, Goodwill has been working under a chainwide contract with Target which allows local Goodwill organizations to collect merchandise the store no longer regards as salable and sell it in its own retail outlets or recycle it as scrap material or textile salvage.

Although the charitable organization collects donations from other retailers through arrangements between local Goodwill offices and independent or regional retailers, Target is the first retailer to commit to the program on a chainwide basis. Target's community relations coordinator, Tom Lee, said Goodwill now collects merchandise in every market it shares with the chain—which covers 90 communities and involves about 45 different Goodwill offices.

Lee said the Dayton-Hudson chain favors the Goodwill program because it removes unsalable merchandise from the stores in both a cost-efficient and charitable manner. He added, store employees were often distressed about throwing out merchandise that could be put to good use.

Goodwill provides each store with one to three containers placed in the loading areas, which store personnel fill with the discarded merchandise.

For Target, this is an alternative to "hauling merchandise to the dumpster," at a freight cost, or to destroying the goods. Lee explained unsalable merchandise includes apparel with broken zippers, tears or rips or cookware sets found to have one item broken—items that when sold at an average third of the cost of Target's regular retail, might still be of value to shoppers. In addition, Target receives a tax deduction for the goods.

Drips Dominate in Dry Coffee Market

NEW YORK — Fewer Americans are waking up to smell the coffee—especially if it's instant.

A downtrend in the nation's consumption of soluble (instant) coffee has reversed long-fought-for gains in overall coffee consumption.

Regular brewed coffee, though, by far remains the coffee of choice, accounting for three out of four cups consumed. Also unhampered is the electric-drip coffeemaker's continued dominance as the most favored coffee-brewing appliance.

Fewer coffee drinkers

Last year, the percentage of the population drinking coffee dropped 2.3% to 55%, as compared to 57.3% in 1984, according to the International Coffee Organization's winter 1985 coffee drinking study.

Coffee drinking fell to 1.83 cups per person per day last year from the 1.99 cups per person per day consumed in 1984—when overall coffee consumption saw its first rise since 1979. Not only did last year's lackluster performance overturn the 1984 gains, but it represented the lowest level of coffee consumption yet recorded by the organization, dropping more than 40% below the 1962 record year.

Electric drip popular

One trend that did continue last year was consumers' preference for the electric-drip coffeemaker, which was used by 56% of American households, up from 55% in 1984, and from 12% in 1981.

The electric drip's popularity, though, comes at the expense of other coffee-making items, including the electric percolator, which over 10 years dropped from usage by 51% of households to 17%; regular percolators, drip pots and filter cones.

The study, which was based on 7,500 interviews in the continental U.S. also showed over seven out of 10 cups of coffee are consumed at home.

About 75% of coffee consumed is regular, although last year did reveal a slight decrease in its consumption, from 1.44 cups per person per day in 1984 to its 1985 level of 1.39.

Instant consumption down

The more significant decrease in coffee consumption, though, was in instant. Consumption of instant coffee dropped to 0.42 cups per person per day from the prior year's level of 0.54 cups.

Decaffeinated coffee drinking habits remained unchanged in 1985, with over 17% of the population drinking decaffeinated coffee at the rate of 2.5 cups per drinker/per day.

The study also revealed for the first time soft drinks outdistancing coffee as the beverage of choice for the largest percentage of the population. Last year, 59.4% of consumers said they drank soft drinks as compared to 54.9% who drank coffee. In 1984, the two beverages achieved equal favor. Tea's popularity remained at 30.9% while consumption of milk and juice dropped only slightly to 47.4% and 45.5%, respectively.

% of U.S. Households Using Coffee-Making Items

Product	1975	1981	1982	1983	1984	1985	Percentage Change 1975-85	Percentage Change 1984-85
Electric percolator	51	27	24	22	19	17	−34%	−2%
Regular percolator	24	12	10	10	10	8	−16	−2
Electric drip	7	49	52	52	55	56	+49	+1
Drip pot	9	6	7	9	9	7	− 2	−2
Filter cone	4	3	4	4	4	3	− 1	−1
Steeping pot	3	2	2	2	3	4	+ 1	+1
Vacuum coffeemaker	2	1	—	—	—	—	− 2	—

Source: International Coffee Organization

The electric drip coffeemaker, used by 56% of U.S. households, continues its steady gain in popularity, mostly at the expense of electric and regular percolators. Drip pots and filter cones are also slipping in usage.

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